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THE TRIP OF
PRESIDENT REAGAN
TO THE
PEOPLE'S REPUBLIC OF CHINA

April 26 - May 1, 1984

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SUGGESTED TALKING POINTS FOR THE PRESIDENT'S
MEETING WITH PRC PRESIDENT LI XIANNIAN

OPENING

-- Both Nancy and I want to thank you for inviting us to visit your beautiful country. We have long looked forward to this opportunity.

TRIP GOALS

-- This visit should bring our two countries closer together. In the next few days I will be meeting with Chairman Deng and other Government and Party leaders. I look forward to frank and far-reaching discussions touching on both our common interests and our differences.

MUTUAL TRUST

-- Both sides need to work harder to improve understanding of each other's governmental and social systems. This will reduce discord and open up new opportunities for strengthened economic and political ties. If we can approach this process with mutual trust and confidence, I have no doubt we can assure a bright future for our bilateral relations.

LI'S TRIP

-- I understand you completed an extensive visit to Pakistan, Jordan, Turkey and Nepal last month. I would be interested in hearing your impressions of the trip.

ECONOMIC
MODERNIZATION

-- How do you assess the present state of your country's economic modernization? My country stands ready to contribute in whatever way possible to China's ambitious goals for the 21st century.

INVITATION
TO LI

-- I would like to extend to you today an invitation to visit my country at a time convenient to you. That would allow us an opportunity to reciprocate your hospitality here.

CLOSING

-- The next few days will be busy and exciting ones for my wife and I. We are particularly looking forward to this evening's dinner with you. Thank you for receiving us this afternoon.

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Suggested Talking Points for the President's
First Meeting with Premier Zhao

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Foreign --
Policy

My basic goal has been to restore America's self-confidence and rebuild our defenses against a massive Soviet buildup. We support Third World development and national independence. We seek not to dominate but to prevent others from dominating.

USSR

-- Soviet activities are the major cause of instability. On arms control, they want others to make all the concessions. We will remain firm but are prepared for a constructive relationship. I have made this point in a major speech and in letters to Chernenko.

-- His responses have been moderate, but the Soviets show no willingness to adjust their foreign policies. How do you view the current leadership?

Pacific

-- East Asia is our largest regional trading partner (over 30% of our total overseas trade). It has many of our security concerns. I hope we can find informal ways to promote this community of interests.

Afghanistan/Kampuchea

-- Like you, we seek a political settlement in Afghanistan, to include the withdrawal of Soviet troops. Like you, we will continue our policy toward the Afghan resistance. Our common resolve must not falter.

-- In Kampuchea, like you, we support ASEAN goals: 1) withdrawal of Vietnamese forces, 2) internationally supervised elections, and 3) an independent, neutral Kampuchea under a government freely chosen by the Khmer people. We appreciate your military support for the non-Communists; more is needed. We are concerned by the disproportionate growth of Pol Pot forces. Pol Pot himself symbolizes a horrible period and alienates support both inside Kampuchea and internationally.

Korea

-- The US and China share responsibility to prevent conflict in Korea. However, the Korean question must be resolved peacefully by the two Koreas. The ROK sees North Korea's tripartite proposal as unequal and prefers direct North/South talks; we support their position. But we are willing to participate in 4-way talks or "on the sidelines", with China, if both Koreas so desire.

--

We welcome your willingness to permit visits of divided members of Korean families living in China and South Korea. The ROK repeatedly has proposed similar exchanges with North Korea. LPRK willingness to consider such proposals (including those we put forward in the Military Armistice Commission) would help demonstrate North Korean sincerity.

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(If raised)

World Economic/Financial situations

-- Buoyed by the U.S. economic expansion, recovery in the industrial world is underway. Japan and Canada are strong; Germany, Italy, and the U.K. more moderate; and France should go up later in the year. This brightens prospects for the LDCs, where export volume should pick up. Financing will be difficult in some cases, but manageable.

Lebanon -- We share your commitment to the independence and territorial integrity of Lebanon. We continue to seek the withdrawal of all foreign forces from Lebanon, maintenance of its sovereignty, and arrangements for security on Israel's northern border.

Central America -- US policy seeks to blunt Soviet/Cuban advances by fostering long-term economic development and democratic reform. Our assistance program for the region is 75% economic. We welcome Chinese support for the Contadora process; we seek ourselves to assist the countries of the region to reach peaceful, diplomatic solutions. Amb. Shlaudeman also promotes internal dialogue for national reconciliation within the Central American states. However, Sandinista dependence continues. Cubans in Nicaraguan combat uniforms are playing key roles.

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Suggested Talking Points for the President's
Second Meeting with Premier Zhao Ziyang

- GENERAL
- The United States values our bilateral relationship and has worked closely with you to develop better relations, particularly by supporting China's modernization program.
 - We found common ground in agreements where each side had to compromise. We hope to complete this framework with agreements on investment and nuclear cooperation.
- NUCLEAR
- We understand your statement in Washington on non-proliferation to mean that China will not assist any other country in any way to develop or acquire any nuclear explosive device.
 - If we conclude an agreement, the U.S. will want to note that policy in public statements. We will also note that China now requires IAEA safeguards on its nuclear exports to non-weapons states.
- INVESTMENT
- Many US firms have invested in China, and many more are interested. I would urge you to take steps to tap the vast resources available in our private sector. The investment agreement would facilitate this effort.
- TRANSFER OF TECHNOLOGY
- U.S. economic growth was based on the introduction of new technology from abroad. Our new export policy announced last fall will support your modernization goals. It is being implemented swiftly. We continue to improve the process and to consider new areas for the transfer of technology to China.
- TRADE PROBLEMS
- We have overcome obstacles in our trade relations. It is important that we pursue steady growth and not allow temporary difficulties to upset this course.
- GRAIN
- A formal grains agreement has played an important role in our bilateral trade. We attach great importance to China fulfilling its commitment to purchase and ship 12 million tons of US grain for 1983-84.
- DEFENSE
- We have had promising discussions on the exchange of defensive military technology. While we do not share our technology completely with any country, we intend to help China meet the threat it faces from the Soviet Union.
- SCHOLARLY ACCESS
- I request your assistance in removing barriers to access by US scholars to Chinese libraries and archives and restrictions on their field research opportunities.
- ARMS CONTROL
- The Soviets are responsible for the breakdown of Geneva talks. We are prepared to resume negotiations any time. The US and China have parallel goals in reducing the dangers of war. We wish to continue discussions with you.

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Suggested Talking Points for the President's Second Meeting with Premier Zhao Ziyang

IF RAISED:

- TAIWAN -- We will continue to carry out our obligations in the communiqus we have signed with your government. Over time, you will see a clear downward trend in our sales of arms to Taiwan.
- This is a problem of history, which can only be solved by the peaceful efforts of Chinese on both sides of the Taiwan strait. The US has no desire to interfere.
- ASIAN DEVELOPMENT BANK -- The U.S. supports PRC membership in the ADB as the sole, legal representative of China. We believe the important place of Taiwan in the region must be recognized. We support efforts by the Bank President to find appropriate arrangements.
- TEXTILES -- The textile industry is important to the United States. We believe our policy deals fairly with suppliers and is consistent with our bilateral and multilateral agreements.
- LEGAL -- We have sought to amend US laws which placed China, for political reasons, in the same category as the USSR. We are currently pursuing amendments to the Foreign Assistance Act with our Congress.
- Other laws which affect trade with China derive from the differences between our two economic systems. Concessional tariff treatment (GSP), annual renewal of most favored nation status, controls on some very high technology exports, and limits on US imports are based on economic or security factors.
- AID -- Although we are seeking to amend the Foreign Assistance Act to make China eligible for aid, we do not envisage a bilateral aid program for China. We are pleased that China is receiving substantial aid from other sources such as the World Bank.
- China's current economic situation is good and China can expect to attract much direct investment and commercial bank financing for development.
- EXPORT CONTROLS -- Our liberalization of export controls did not eliminate national security controls or the need for coordination of exports with our Allies. China has capabilities unlike those of any other friendly, non-Allied country, particularly in nuclear weapons.
- I can assure you that exports will only be restricted in areas essential to our national security. The new system is being applied consistently and fairly.

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Suggested Talking Points for the President's Meeting with General Secretary Hu Yaobang

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INTRODUCTION

-- Former President Nixon informed me about his wide-ranging conversation with you in 1987. I have long looked forward to meeting you. It is important that leaders of our nations communicate personally.

DOMESTIC POLITICS

-- (Hu would appreciate hearing your personal assessment of the coming election year and your thoughts about the direction of a second Reagan Administration.)

-- Knowing that you have major responsibility for establishing and implementing policy, I would be interested in your views as to the long-term directions China's leaders will be taking.

U.S.-CHINA RELATIONS

-- My commitment to a stable and enduring relationship with China, based on mutual self-interest, is complete and unqualified. I sense a shared commitment from China's leaders.

-- U.S.-China relations have made important advances in recent months. We must both monitor them carefully and not permit the inevitable problems to impede overall progress.

-- I would welcome your thoughts about the current state of our bilateral relations.

SINO-JAPANESE RELATIONS

-- You made an important trip to Japan recently and Prime Minister Nakasone was in China a few weeks ago. I too was in Japan last fall, and U.S.-Japan relations remain a cornerstone of our Asian policy. I would appreciate hearing your impressions of Japan.

KOREA

-- I understand you will be going to North Korea soon. Premier Zhao and I have already discussed our shared concerns for peace and stability in Korea. As I told Premier Zhao, the problem is for the Koreans themselves to resolve, but we are prepared to participate in expanded talks, together with China, if both Korean parties desire.

STUDENT EXCHANGES

-- Of all we have done together to advance U.S.-China relations, I am perhaps most pleased with our student exchange program. The 12,000 students on our campuses and the many Americans coming to China are building links that will long outlast anything else we do.

-- I believe too that the skills they bring home will, on your side, enhance China's modernization efforts, which we admire and will support.

INVITATION

-- I would be very pleased to have you visit the United States. I believe there is much more we have to learn about one another, and a visit from you would be another major step on the road to mutual understanding.

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Suggested Talking Points for the President's Meeting and Working Lunch with Chairman Deng Xiaoping

COURTESY POINTS

-- I am delighted at long last to make your acquaintance. As one who has experienced political ups and downs before getting to my current position, I have followed your career from afar with interest and admiration.

-- I'd like to express my deep gratitude for the warmth of my reception, for the excellent conversations I've had, and for your own willingness to exchange views now and over lunch. We have much to discuss.

U.S.-CHINA RELATIONS

-- I attach great importance to U.S.-China relations. It is a guiding principle of my Administration's foreign policy that China is a friendly, non-allied nation -- and deserves to be treated as such. I want to consolidate our ties and advance them on this basis.

-- We both derive benefits from strong bilateral ties. When we resumed our dialogue a decade ago, we set in motion fundamental global and regional power shifts. We no longer face the dangerous prospect of bearing arms against each other. You are free to concentrate on other, more pressing threats; we have increased flexibility to deal with military contingencies in areas of vital concern to us both. Our new relationship has brought us great economic benefits and the potential for more through the solid framework of agreements covering trade, civil aviation, investment.

-- Through our dialogue this past year we have gained greater mutual understanding, mutual respect, and mutual benefits. We know more about each other's systems, problems, and needs. We should continue to speak with each other as friends: often, candidly, with mutual respect, and with knowledge that patience and a long-term view are sometimes the only solution.

-- I know that you have been briefed on the content of my discussions with President Li, Premier Zhao and General Secretary Hu. I would welcome your thoughts on the current state of our bilateral relations.

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**STRATEGIC
RELATIONS**

-- My basic goal has been to restore America's self-confidence and active leadership role. It was essential to rebuild our defenses and deny the Soviets military superiority; to resist aggression by the Soviets and their proxies; and to demonstrate that the U.S. will meet its global responsibilities. In the long run, the Soviet Union is weak. I am optimistic about the future.

-- Although China follows an independent foreign policy, I think we have a common perception of many global issues including Soviet ambitions. We have cooperated to our mutual advantage in Afghanistan, Kampuchea and elsewhere. We should expand our consultations. I would like to hear your views.

KOREA

-- Last September you asked Defense Secretary Weinberger to give consideration to some points you made concerning Korea. Premier Zhao and I have already discussed our shared concerns for peace and stability in Korea. The problem is for the Koreans themselves to resolve, but we are prepared to participate in expanded talks, together with China, if both Korean parties desire.

-- The purpose of the U.S.-ROK alliance is to defend the South; it does not threaten the North.

-- I hope that your country will use its great influence for moderation and fairness in approaching Korean issues. I welcome your efforts to date in developing contacts with the Republic of Korea. Such efforts encourage the restraint that the Republic of Korea has displayed, for example in the aftermath of the Rangoon bombing.

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(IF RAISED)

TAIWAN:
GENERAL

-- We have both recognized that Taiwan is a problem left over from history. It is a difficult issue for both of us. The secret of our successful endeavors to date has been our realism in addressing this complex set of problems. We have consistently found creative ways to set aside differences and to make progress gradually.

-- We in the United States have old friends in Taiwan for historical reasons. We feel a sense of loyalty and obligation that I'm sure you will understand, even if you cannot agree.

-- But we have repeatedly stated, as I state again to you today, that we will not pursue a "two Chinas" policy. It is not in our long-term interest to do so. I must ask you to have faith in my pledge in this regard, and to believe in the fundamental constancy of our direction.

TAIWAN: ARMS
SALES

-- We consider the sale of defensive arms to Taiwan to be a routine matter consistent with U.S. policy since our normalization of relations and with the August 17, 1982 communique.

-- Actual arms sold to Taiwan in 1983 are consistent with the quality and quantity provisions in the August 17 communique.

-- You will see a trend apparent over time of a gradual reduction in arms sales to Taiwan.

TAIWAN:ARMS
SALES AND
PEACEFUL
RESOLUTION

-- Our view is that sale of defensive arms makes Taiwan feel more secure and enhances its self-confidence. This in turn will enable it to engage in dialogue with Beijing on a more equal and freer basis, thus making more likely the kind of discussions that will lead to a peaceful resolution of the Taiwan issue.

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**TAIWAN: THE
"CONFEDERA-
TION" IDEA**

-- My Administration's view of Taiwan is incorporated in our various communiquees and undertakings: the future of Taiwan is for the Chinese people on both sides of the Strait to determine, and our sole abiding interest is that any resolution be a peaceful one. We do not oppose a peaceful resolution, but we will not participate directly or indirectly as an intermediary. This would negate our strong belief that this issue is indeed one for the Chinese people to resolve without outside interference.

**TAIWAN: PRO-
INDEPENDENCE
GROUPS AND
ACTIVITIES**

-- (same as above)

**TAIWAN:
ASIAN DEVELO-
PMENT BANK**

-- We recognize that China is trying to apply a flexible approach to joining the ADB, including continuing participation by Taiwan. The specific arrangements, however, may be difficult to work out. We believe that the President of the ADB is doing his best to find a solution acceptable to all parties.

**DISCRIMINA-
TORY LEGIS-
LATION**

-- Prohibition Against Aid: We have been trying to remove the prohibition against foreign assistance to China. The Congress supported this effort in the past two years, but failed to pass the bill to which the corrective legislation was attached. We hope we are successful this year.

-- GSP for China: According to our law there are several requirements, including GATT membership, before China can be designated for GSP treatment. The GSP program expires in January of next year and we are working closely with the Congress to get it renewed.

-- Jackson-Vanik Amendment: We do not believe there has been any difficulty in securing annual waivers for MFN treatment. The law has not affected US-China trade.

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